FY 2005 Massachusetts Community Development Block Grant Program

Public Social Services GUIDE

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Mitt Romney, Governor
Kerry Healey, Lieutenant Governor
Jane Wallis Gumble, Director

MASSACHUSETTS
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

PUBLIC SOCIAL SERVICES WITH CDBG

Communities are encouraged to extend their CDBG-assisted activities beyond the traditional community development functions of housing rehabilitation, infrastructure improvements, and downtown revitalization in order to address the human service needs of their residents. Public social service activities eligible for Community Development Fund (CDF) and Economic Development Fund (EDF) funding address a wide range of critical social problems including, but not limited to: homelessness, drug and alcohol abuse, teen pregnancy and parenting, illiteracy, poor elder nutrition, lack of affordable childcare, unemployment, hunger, barriers to non-English speaking persons, crime, and domestic violence. CDBG-assisted public social service activities attempt to remedy these problems through prevention, education, training, counseling, crisis intervention, case management, and organizational development.

Many requests for CDBG assistance seek to expand existing programs in response to dramatic increases in demand. Other requests seek funding to create new programs to address gaps in local service delivery. CDBG support may also be used to replace non-local funds lost as a result of budget cuts or to continue CDBG-assisted programs lacking other sources of funding.

Eligibility

Public social service activities are eligible for CDBG assistance under Section 105(a)(8) of Title I of the Housing and Community Development Act of 1974, as amended, if such services **have not been funded with local funds** -- i.e., not funded by the community using locally raised funds or state funds that pass through the community -- within the twelve-month period prior to the date of application.

This means, for example, that public social service activities may be funded if they are:

- **NEW** - A service that is (a) filling an identified gap in existing services, and (b) proposes to use CDBG funds for start-up or seed money.

- **EXPANSION** - An expansion that is (a) providing the service to an increased number of clients within the same geographical service area, (b) providing the service to a larger or different geographical service area whether or not the actual number of clients served increases, or (c) increasing the number or types of services provided to the same-targeted client population.

  CDBG funds may be used to support the expanded portion *only* of an existing service receiving local funds. CDBG funds may not be used to support a maintenance of effort -- i.e., provide the same level of support to an existing service paid with local funds in the preceding twelve month period.

- **REPLACEMENT** - CDBG funds may replace lost non-local funds *including* CDBG funds. CDBG funds may not be used to replace local funds -- i.e., locally

raised funds or state funds that pass through the community within the twelve-month period prior to the date of application.

- **PLANNING** – Planning funds may not be used to plan for public social service programs except as part of a broader community development project.

Please note the following restrictions on the use of CDBG funds:

- DHCD will fund public social service projects that (1) are not provided by other state or federal agencies, or are provided but not available to CDBG-eligible residents in the applicant community(ies).

- Funding for public social service activities cannot exceed 20% of the total CDBG grant awarded to any one community under either the CDF or EDF grant programs.

- Services that are specifically designed to increase economic opportunities through job training and placement and other employment support services, including but not limited to, peer support programs, counseling, child care, and transportation, are eligible activities under the CDF and EDF. This includes (a) *business support to owners of microenterprises and to persons developing microenterprises* and (b) *economic development services to for-profit businesses where the assisted activity is limited to people that a specific business has agreed to employ or actually employs.* No community can receive more than 20% of its total EDF award for public social service activities. This 20% funding limitation also applies to public social services that are directly tied to economic development opportunities.

- Social service activities may not "stand alone" in a single-purpose application under either the CDF or EDF grant programs.

- Social service expenditures are restricted to non-construction activities such as childcare subsidies, start-up equipment for family childcare providers, the purchase of elder vans for transportation to medical appointments, and teacher salaries for employment training or English as a Second Language (ESL) courses.

- Funding for the *"bricks and mortar"* development of public social services such as childcare centers, senior centers, homeless shelters, and renovations to buildings for handicap accessibility are treated as public facilities activities for purposes of the CDF application. They should be included as part of the public facilities budget. They are not, therefore, subject to the 20% ceiling imposed on public social service expenditures.

- Public social services involving direct income payments such as rent and/or utility payments are <u>ineligible</u> for CDBG funding when carried out by municipalities, but are <u>eligible</u> when carried out by subgrantees (i.e., local development corporation, local housing authority, or nonprofit agency or organization).

- Local human/social service department staff is considered municipal employees. CDBG funds may be used to pay for all or part of their staff salaries if staff duties are directly involved with CDBG grant-related activities. Local human/social service department staff salaries, or a portion of their salaries, should be included (a) in the public social service administration budget if CDBG-related duties involve administrative oversight of one or more social service activities, or (b) in the public social service program budget if CDBG-related duties involve direct service delivery. If local human/social service department staff duties are split between administration and direct service delivery, costs should be allocated proportionately between the public social service administration and program budgets.

- Staff salaries and other direct and indirect administrative costs of CDBG-assisted subgrantees are considered programmatic expenses and should be included in the public social service program budget.

- Social service programs operated by municipal departments other than Community Development Offices (e.g., Council on Aging, Human Services Department, Board of Health) require the execution of interdepartmental Agreements or Memoranda of Understanding. Activities administered by subgrantees require the execution of professional services contracts. The procurement of social service providers is subject to federal procurement standards in 24 CFR Part 85 and M.G.L. Chapter 30B.

National Objective

The national objective for public social service activities is generally to benefit to low- and moderate-income persons. This can be accomplished in one of the following ways:

Limited Clientele:

1. **The assisted activity is limited to persons generally presumed by HUD to be principally low- and moderate-income.** HUD has designated six categories of people presumed to be low- and moderate-income: severely disabled adults, elderly, battered spouses, abused children, illiterate persons, and migrant workers. No verification of income eligibility is required *except* when direct income payments are made as described below (e.g., fuel assistance, childcare subsidies or tuition payments).

2. **The assisted activity has income eligibility requirements that limit the activity exclusively to low- and moderate-income persons** (e.g., a recreation program at a playground located at a subsidized housing development for the exclusive use of its residents). No verification of income is required.

3. **The assisted activity is of such a nature and in such a location that it can be concluded that the activity's clientele will be primarily low- and moderate-income persons** (e.g., a soup kitchen or homeless shelter). No verification of income is required.

4. **The beneficiaries of the assisted activity are at least 51% low- and moderate-income.** Low- and moderate-income status is determined by self-declaration of income or income documentation -- the submission of documentation to verify gross household income. Communities may design their own procedures for verifying income but they must ensure that procedures are included in written program guidelines and are uniformly applied to all program applicants/participants. Income documentation may take one of two forms:

    (a) **Submission of third-party verification** including, for example, actual pay stubs, copies of SSI income checks or bank deposits, employer letters, copies of unemployment compensation checks or statements of payments from the Department of Transitional Assistance, etc.

    (b) **Self-declaration of income** by individuals where third-party verification is not required. Self-declaration is generally accomplished by having individuals complete written forms with questions on household size and gross household income.

5. Owners/developers of microenterprises who receive business support services must be low- and moderate-income persons. Low- and moderate-income status is determined by income documentation. Individuals determined to be income-eligible for business support services are presumed by HUD to be low- and moderate-income for three years.

6. An activity designed to provide job training and placement and/or other employment support services to for-profit businesses may assist individuals even if less than 51% of the assisted individuals are of low- and moderate-income. However, the proportion of the total cost of the project borne by CDBG funds must not be greater than the proportion of the total number of persons assisted who are low- and moderate-income. Low- and moderate-income status is determined by income documentation.

Area-Benefit:

7. **The assisted activity provides an area-wide benefit such that the benefits are available to all the residents in a particular area and at least 51% of the residents are low- and moderate-income persons** (e.g., community organizing or community policing program). The area does not need to be coterminous with a census tract or other officially recognized boundaries, but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character does not qualify under this criterion. Low- and moderate-income status is determined using either U.S. Census Bureau data at the Place, Tract, Block Group or Block levels; or a survey conducted according to HUD methodology requirements (methodology requirements are included as an appendix in this year's CDF and EDF applications). In addition, sufficient information must be presented to demonstrate that the users of the assisted service mirror or exceed the distribution of low- and moderate-income people in the area.

Certain categories of public social service activities will be able to attain a goal of 100% low- and moderate-income benefit because, by definition, all the assisted program beneficiaries will be low- and moderate-income including:

- Persons receiving direct income supplements or subsidies because, by definition, only low- and moderate-income persons are *income-eligible* to receive CDBG financial assistance.

- Services mandated to limit program assistance to income-eligible persons such as the unemployed, welfare recipients, or abused children.

- Services offered in locations where it is reasonable to assume that all program beneficiaries will be low- and moderate-income such as at homeless shelters, public housing developments, or senior centers.

Other public social service activities may not be able to attain a goal of 100% benefit to low- and moderate-income persons. In fact, the percentage of benefit to low- and moderate-income persons may be much lower because program participation or assistance is not limited exclusively to low- or moderate-income persons, but is available to a larger population. Programs providing, for example, substance abuse counseling, teen pregnancy prevention, crime prevention, or ESL are not necessarily restricted to one economic group or another.

These activities must nonetheless meet the national objective of benefit to low- and moderate-income persons in order to be eligible for CDBG funding. It must be demonstrated that 51% or more of the program's future beneficiaries -- those persons who *will actually benefit* from the CDBG-assisted activity -- will be low- to moderate-income. Compliance with the national objective may be demonstrated by:

- Showing that 51% or more of the proposed activity's previous clients were low- and moderate-income, or that 51% or more of a comparable activity's clients were low- and moderate-income.

- Projecting, based upon previous or comparable experience as discussed above, the number of beneficiaries who will be low- to moderate-income as a result of the CDBG assistance.

- Maintaining sufficient records including income documentation to demonstrate that 51% or more of the clients assisted by the activity are actually low- and moderate-income persons.

Planning a Public Social Service Strategy

Municipalities often lack a local public social services capacity to either develop public social service programs or to monitor their implementation. Community development staff may restrict themselves to the development of "bricks and mortar" construction projects. Many municipalities lack designated human service staff. Where they do exist, there is often no formal relationship or collaboration between human service and community development staff. In addition, there is generally little communication between state agencies, service providers, and local government about public social service programs, funding, and service delivery. This has generally resulted in fragmented local social service delivery.

How can communities begin to address the public social service needs of their residents?

1. **Know your community.** Gather and analyze information about what life is like in your community. Begin by asking, who lives in my community? Next, what is the quality of life in my community? What proportion of the community lives in poverty? What proportion of the population has special needs (e.g., disabled, illiterate, victims of domestic violence, etc.)? General census or local survey information can help you examine your community's population -- by age, sex, race, linguistic group, employment status, income, residential neighborhood, female-headed households.

2. **Determined the needs of the community.** You need a clear view of the problems in your community because identification of a problem helps shape its solution. Know who is affected by the problems in your community and whether different problems affect some of the same people. For example, pregnant and parenting teens may not only need health care but may also need to complete school and find jobs, both of which, in turn, require some kind of childcare. Unemployed families may also be at risk for homelessness, hunger, and domestic violence.

CDBG-funded housing rehabilitation programs bring community development staff into the homes of local residents and allow them to examine individual sources of income. Staff is brought into intimate contact with the quality of people's lives and is exposed to the myriad of problems confronting individual households. Use this type of information to begin identifying the human service needs of the targeted population your CDBG grant is designed to serve.

Talk to a wide range of both public and private service providers -- local churches; hospitals; police, fire, and public health departments; welfare, employment, and youth services offices; philanthropic organizations like the United Way; and community- or neighborhood-based organizations -- about the types of problems with which they come into contact. You may also find it helpful to conduct your own informal or formal survey among service providers and/or clients.

3. **Discover what services and resources are already available in the community.** *Does the existing social service capacity meet the need?* An important step in any needs assessment and planning process is to inventory existing local services and resources -- including the location where they can be obtained and procedures for access -- in order to identify where there

are gaps or overlaps in local service delivery. It is important that you not only identify (a) who is being served by what services, and (b) who is in need of services and not being served by existing services, but (c) what services are currently underutilized. Take a look at the number and quality of prevention and service programs operating in your community and attempt to evaluate whether the targeted problems/populations are being adequately addressed/served. For example, does your community have a large number of frail elderly residents? Are additional services like home-delivered meals, accessible transportation for people with mobility impairments, and/or senior daycare needed?

4.   **Identify the structure of local service delivery.** The following questions can help you define your community's social service delivery system and provide you with additional resources for public social service planning:

- Does your community have a Human/Social Service Department or volunteer human/social service committee or commission?

- What local government departments currently provide human/social services (e.g., police, school, health departments)?

- What human/social service providers have local offices in your community?

- Where are other human/social services providers located?

- Does your community have a human/social service collaborative or ad hoc coalition of service providers that meets periodically to share information?

- Does your community have active neighborhood or community-based organizations?

- Does your community have active fraternal and charitable organizations?

- Does your community have active local affiliates of national organizations such as the YMCA, Boys and Girls Clubs, or Boy/Girl Scouts?

Use the existing human/social service delivery system to help you identify local problems. Enlist the support of service providers in setting programmatic and funding priorities.

5.   **Set funding priorities.** There are a number of different ways to create a local public social service agenda, set funding priorities, and decide which public social service activities to include in your CDBG grant application. An important question to ask -- regardless of which format you choose -- is: **Will an investment of CDBG funds address or alleviate the problems identified?**

- Work with your local Human/Social Service Department or volunteer human/social services committee and/or other appropriate body to prepare public social services grant funding requests.

- Issue a Request for Proposals to a wide range of local service providers soliciting their social service proposals.

- Notify a wide range of service providers about the local public hearing and citizen participation mechanism for the CDBG grant application and encourage their participation.

- Hold a separate public hearing for service providers to present testimony and proposals for funding.

- Establish a human/social service committee -- or work with an appropriate existing body -- to review submitted proposals as well as public testimony and make recommendations for CDBG funding. Work with this committee on an ongoing basis to oversee, advise, and evaluate the public social service portion of the CDBG grant program.

- Work with the human/social service community on an informal basis to develop the public social services component.

6.   Design a Request for Proposal (RFP) process. Although this is a time consuming process, a local RFP can help you solicit specific types of services to address specific community needs. The RFP should include (a) an outline of the information sought, (b) a description of the criteria that will be used to decide whether or not the project will be funded, (c) a statement of the types and amounts of money available and any conditions required for receiving this money (e.g., paid through expenditure reimbursement under contract), and (d) relevant deadline dates and locations for submitting proposals. The following information should be requested:

A.   Mission and Program Description:

- What is the target population this program intends to serve?

- What is the need to be addressed by this program?

- What process was undertaken to identify this need?

- What are the short-term goals and long-term goals of this program?

- How are units of service to be identified?

B. Evaluation and Determination of Success:

- How will the national objective be met and documented?

- What changes in the target population might indicate that program goals are being met?

- How might these changes be measured?

- How will anticipated changes affect the municipality's responsibility to this target population?

- How will the impact of this service on individual clients be tracked over time?

- Will there be additional beneficiaries other than the target population?

- Does the program aim toward self-sufficiency of clients?

- How is the service linked to other human/social services currently available in the community?

C. Assessment Criteria:

The following criteria can be weighted and used to score proposals or used as a screen to sort through and cull proposals.

- Does the proposal clearly address a community need?

- Does the proposal conform to municipal goals?

- Does the proposal demonstrate a high level of impact on a priority need in the community?

- Does the applicant demonstrate a capacity to carry out this service successfully?

- Is the proposal cost effective?

- Is the proposal well thought out in terms of what has or has not worked in this community?

- Will implementation of the proposed activity make a measurable difference?

- What experience do the applicants have in the operation of services?

- What are the operating costs of comparable services?

- Will the applicant have a board of directors or steering committee which reflects the interests of the broader community, including the population to be served?

- Is the applicant willing to undergo a periodic outside assessment and evaluation of the services it provides?

- Will the applicant provide the municipality with periodic reports on revenues, expenditures, and other service indicators?

- Has the applicant demonstrated future plans to become self-sufficient (i.e., no longer dependent on CDBG funds)?

7.   Monitor CDBG-assisted public social service activities. A monitoring plan should be designed to ensure administrative oversight of social service subgrantees. The plan should include periodic site visits to view program operations and reviews of case files to assess accuracy of record keeping and reporting. The monitoring plan should also indicate:

- The staff position responsible for (a) preparing subgrantee contracts, (b) monitoring subgrantees for compliance to the national objective, (c) monitoring subgrantee expenditure of CDBG funds, and (d) providing technical assistance to subgrantees.

- Types of reporting and record keeping required from subgrantees to demonstrate compliance to both the national objective and any other program requirements and how they will be monitored.

- How each social service activity will benefit low- and moderate-income persons and how the benefit will be measured?

It is also important that you develop tools that will enable you to assess whether proposed goals were actually achieved and to evaluate the overall quality of assisted programs -- the consequences for program beneficiaries, and the community in general, of the CDBG-assisted program. The questions recommended above, as part of the RFP process should be used to help you design a program evaluation process. Sample questions may include:

- Has the population targeted by this program been served?

- Were short-term and long-term goals of this program met?

- What are the tangible outcomes of this program?

- What has the impact of CDBG-funding been on the services provided and the need being addressed.

- What is the future of the program? Is CDBG funding needed to continue the program?